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Uber Technologies, Inc. (UBER)

Q4 2024 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Hello, and welcome to the Uber Fourth Quarter 2024 Earnings Conference Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks there will be a question-and-answer session. [Operator Instructions]

I would now like to turn the conference over to Deepa Subramanian, Vice President, Investor Relations. You may begin.

Deepa Subramanian

Vice President, Investor Relations and Corporate Finance, Uber Technologies, Inc.

Thank you, operator. Thank you for joining us today, and welcome to Uber's fourth quarter and full year 2024 earnings presentation. On the call today, we have Uber CEO, Dara Khosrowshahi; and CFO, Prashanth Mahendra-Rajah.

During today's call, we will present both GAAP and non-GAAP financial measures. Additional disclosures regarding these non-GAAP measures, including a reconciliation of GAAP to non-GAAP measures are included in the press release, supplemental slides and our filings with the SEC, each of which is posted to investor.uber.com.

Certain statements in this presentation and on this call are forward-looking statements. You should not place undue reliance on forward-looking statements. Actual results may differ materially from these forward-looking statements, and we do not undertake any obligation to update any forward-looking statements we make today, except as required by law.

For more information about factors that may cause actual results to differ materially from forward-looking statements, please refer to the press release we issued today as well as the risks and uncertainties described in our most recent Form 10-K and in other filings made with the SEC.

We published our quarterly earnings press release, prepared remarks and supplemental slides to our Investor Relations website earlier today, and we ask you to review those documents, if you haven't already. We will open the call to questions following brief opening remarks from Dara.

With that, let me hand it over to Dara.

Dara Khosrowshahi

Chief Executive Officer & Director, Uber Technologies, Inc.

Thanks, Deepa. So, the theme of this quarter is acceleration. We accelerated growth in audience, trips and the top line. Gross bookings growth on a constant currency basis beat even our own expectations, coming in above the high end of our guidance. This performance was powered by strong product innovation across our platform, driving multi-product use to an all-time high of 37% of Uber consumers. It was also a stellar few months for Uber One membership program, where we added 5 million members in the quarter, bringing our total member base to 30 million, up nearly 60% year-on-year.

We're now one year into the three-year outlook we presented to investors last February, and I'm pleased to say that in 2024, we cleanly exceeded our commitments on all three components of that framework.

Gross bookings grew 21% versus our commitment to mid- to high-teens constant currency CAGR. Adjusted EBITDA grew 60% year-on-year versus the high-30s to 40% CAGR. And annual free cash flow conversion as a percentage of EBITDA was 106% versus our indication of 90-plus percent.

We're thrilled with this performance and have started 2025 with a lot of momentum. Despite FX headwinds, we expect continued strong growth in Q1 with 17% to 21% constant currency gross bookings growth and continued profit expansion.

Lastly, a word on autonomous, I'd encourage everyone to read our prepared remarks and supplemental slides where we spend some more time this quarter sharing our perspective on the state of AVs.

The key takeaway is that while AV technology is advancing, commercialization will take significantly longer, and we have conviction that Uber will be the indispensable go-to-market partner for AV players. This is undoubtedly one of our top priorities and we're investing a lot of technical, strategic and management attention to this topic with lots more to come.

Just today, we announced that Austin residents can sign up for our Interest List right in their Uber app to increase their chances of matching within Waymo AV when we launch next month.

With that, operator, let's take your questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. Your first question comes from Brian Nowak with Morgan Stanley. Your line is open.

Brian Nowak

Analyst, Morgan Stanley & Co. LLC

Q

Thanks for taking my questions. I have two. One on autonomous and one on the core rides business. So, the first one, Dara, is on autonomous. As you think about the portfolio of assets you have at the company, how do you think philosophically about investing more in autonomous assets, be it first-party car fleet or other fleet management tools? Or where are you on sort of the portfolio of the current assets from an autonomous perspective?

And then, on the core business, can you just talk to us a little bit about how to think about puts and takes on rides incremental margins and sort of profitability in the first quarter and throughout 2025? Thanks.

Dara Khosrowshahi

Chief Executive Officer & Director, Uber Technologies, Inc.

A

Absolutely. So, Brian, I think on autonomous, we think we are very, very well positioned. We're investing aggressively across all parts of the portfolio. And I think the way that you can think about it is that every new product that we build, we first build by going out and investing in supply and building out kind of liquidity on the supply side. And you really need that kind of magical liquidity to be able to match kind of variable demand and provide the five- to six-minute consistent ETAs in order for the network effect that you see on a local basis for us work.

And in autonomous, it's the same thing, like we did it with taxi, we've done it with low cost, we've done it with high-capacity vehicles, we did it for UberX in the past. It's just an investment in building out the supply base to match variable demand, and then the magic happens in a particular city. You'll see that magic in work in Austin coming up in a month.

And as far as investments that we make, we're absolutely investing in fleet supply. This is an investment that we made for over a long time. Fleets now represent about 15% of our inventory. So, we are very well positioned to have kind of fleets in market that can manage autonomous.

We are looking at acquiring kind of depots with the electrification required for charging the fleets, et cetera. And obviously, we are going out with various autonomous players and building out technical partnerships and then talking with OEMs about securing supply as their manufacturing platforms are preparing to get to scale for the next generation of autonomous.

So, it's a broad investment. It's across a very, very low number of units. So, you're not really going to notice it in the P&L. But we do think that this investment is going to prepare us as autonomous starts to scale and as kind of the commercial economics start to be apparent. But even with these investments, which I would term as aggressive investments, you're unlikely to impact the three-year outlook that we've given you. We think we can – this is kind of the power [ph] van (00:07:32), which is we can deliver – and some of its three-year outlook. And at the same time, we can be investing aggressively in AV supply in every way.

Prashanth Mahendra-Rajah

Chief Financial Officer, Uber Technologies, Inc.

A

Brian, it's Prashanth. I'm going to take the second part of that question. And I think your question was really around the Mobility profitability trends and outlook. So, maybe I'll start with just a reminder that we want folks to look at the business the same way we do, which is at a total company level, and we're making investment decisions across our segment based on where we see the strongest returns and growth potential.

So, we're going to continue to invest in Mobility, consistent with the overall profitability framework that we gave you guys back in February. So, I wouldn't read anything into sort of how Mobility profitability looks, other than we're seeing a lot of opportunities to continue to invest and drive growth.

In this quarter that just closed, our EBITDA margin was 7.8% of gross bookings, and that was up 30 basis points year-over-year. We see continued benefits from supply incentives, leverage on the operating costs, and partially offset some of that tailwind by higher insurance costs, which we've talked about before. But overall, these investments are really helping us put up that strong Mobility growth number, which was on a constant currency basis 24% in Q4, and we saw acceleration in the US.

So, we're leaning into things like membership. I think in the prepared remarks, we talked about 30 million members now, that's up 5 million sequentially, and I think it's up 60% year-over-year. Teens is another great area. I think we've more than doubled the number of countries that Uber Teens is available in the fourth quarter, and the usual areas like finding the right balance in marketplace and continuing to open up new geographies and add some products.

So, again, it's part of our overall model that we gave you back in February of last year, which is to drive that mid-to-high teens GB growth and that high-30s to 40% profitability. And we'll continue to make the trade-offs we think are necessary to hit those numbers and also ensure that once we leave that three-year framework, we're still driving a great top line. Thanks for the question.

Brian Nowak

Analyst, Morgan Stanley & Co. LLC

Q

Great. Thank you both.

Operator: The next question comes from Eric Sheridan with Goldman Sachs. Your line is open.

Eric J. Sheridan

Analyst, Goldman Sachs & Co. LLC

Q

Thank you so much for taking the questions. Maybe building on Brian's question on supply and just widening it out a little bit in both businesses. You talked on prior earnings calls about sort of extending the network as a potential stimulant for rider growth and supply density. Can you talk a little bit about those efforts and how they continue to scale and how we should be thinking about them as a potential growth driver for 2025 and beyond as you continue to scale into more areas of Mobility?

And then on the Delivery side, any update on user behavior? Obviously, the array of supply that's available to a shopper inside Uber Eats today is very different than it was 12, 18 months ago. What is that doing to user behavior, frequency, basket size? How should we be thinking about supply impacting those dynamics in the Delivery business? Thank you.

Prashanth Mahendra-Rajah

Chief Financial Officer, Uber Technologies, Inc.

A

Great. Thank you for the question. So, I am – first, just as a reminder folks, the way we think of the business, and we encourage everyone else too, is our growth is a combination of audience, so the number users who are hitting our platform every month, how often they are engaging with the platform, which we measure as frequency; and then you round it out with price to turn trips into GBs.

So, in the last couple quarters, we've made some comments on how we're focusing on less dense or some of the sparser geographies, which I think is where your question is coming from. So as a reminder, the growth framework through 2026 is for that core business to grow in the low-to-mid-teens and then the growth bets we're making to kind of help push us up into that higher teens. And the initiative that we're focusing on in those less denser sparser geos is really around driving the penetration into those less dense areas so we can extend sort of the length of time that we can get that core business to continue growing at an attractive rate.

One of the things we've observed is that, in our more populated or dense areas versus where we were maybe two or three years ago, growth has started to come down a bit, because those areas obviously are more penetrated.

Now we can offset this by pushing out into less areas. This started initially as a US Delivery initiative and it's really expanded now into a global one. I would say that as we focused on the US Delivery business, we realized that the same opportunity existed across Mobility and really around the world.

And we're finding real promise really on the Mobility side, both in the US and non-US as well as in non-US Delivery, where we're now creating some more programs in this space. We see much higher growth in these less, sparser areas. I think we've talked about in the past that it's not uncommon for us to see 1.5 or more times faster growth outside of more dense areas. And we do that a few ways.

On the Mobility side, it is supply. So, it's really about where we are investing into supply such as creating incentives to bring new drivers into those areas, opening more cities and locations. For example, when you think of the UK, you often think of London, but for us now, Liverpool, Manchester, those become areas that we want to continue to grow out.

In Europe we've got our efforts to add taxis, which will help us in some of those more, sparser populated areas. So, once we have the supply, then we can use incentives to make sure the pricing is right to spur demand and sort of get that flywheel going that is the magic of the Uber marketplace.

And then on the product enhancements, I would say that the option that we give consumers who are in some of these less dense areas is, they can pay with price or they can pay with time.

If you want to pay with price, you can use something like our Reserve product, which will give you a very high accuracy, you'll know when your ride is going to be there. And it allows us to use our marketplace tech to make sure that we find someone who's able to be at the location you want when you need them there.

Or, if you're willing to pay with time, we extend the wait times, which allow us again to use the marketplace algos to find drivers or couriers who are in the region, but may take a little bit more time to get there. And we're finding that in the suburbs people are more open to longer wait times.

Dara Khosrowshahi

Chief Executive Officer & Director, Uber Technologies, Inc.

A

And then I think on Delivery and the growth rates there, what we're doing, listen, the basis remain the same, which is it's all about selection, it's about price and it's about quality. In terms of selection, we got over 1 million active merchants, up about 16% year-on-year. These are big and small merchants. Our sales per merchant continued to increase on a year-on-year basis.

But if you look at our total kind of penetration here in our top-10 markets, we have about a third of the merchants out in those markets. So, we think there's a huge amount of runway as it relates to selection. Selection increases conversion, but also brings in new audience, once eaters figure out that their great neighborhood audience is available on Uber Eats as well.

Second for us is price. And the number of merchant-funded offers, so to speak, to lowering price is at all-time highs. This is a really important initiative in terms of merchants being able to promote on the network and getting boosted in terms of their sort order for that promotion.

And then membership, which Prashant talked about, now 30 million members, up 60% year-on-year, that able – membership essentially effectively is delivering discounts to our most loyal members. So, price is actually something that we're very, very actively working on. And then, of course, quality, making sure that our defect rate continues to go down in terms of making sure that every delivery is a perfect delivery.

And then on the back-end side, for example, as it relates to shoppers for grocery, we're really focused on the quality of those shoppers. It's a lot easier, for example, just to deliver, let's say, an online food delivery to home. Shopping for 20 items, 25 items and getting it perfectly right is much more of a challenge. So, we're really shifting our marketplace metrics from cost and efficiency to cost efficiency and quality as well.

So, when you bring all that together, selection, price, quality, increased marketing campaigns, hopefully, you'll see our Super Bowl campaign out there, you get a good combination of growth in merchants, growth in audience, growth in frequency, and it's all powered by our push into less dense areas and membership as well.

So, we're very, very happy with the trends there. You saw Delivery gross bookings accelerate quarter-on-quarter, and we think that's just more evidence that we've got a long, long runway here.

All right. Next question?

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Operator: The next question comes from Justin Post with Bank of America. Your line is open.

Justin Post

Analyst, BofA Securities, Inc.

Q

Great. Thanks. Appreciate it. A couple questions on the prepared remarks. Dara, you mentioned nine different AV companies and also OEMs in your prepared remarks. US-centric, we're only really seeing two companies with really high visibility right now. Can you talk about how you think the market could evolve from here and why it might not be just two companies and what you're seeing globally?

And then, on the constant currency outlook, I think you did 21% in Q4. You're guiding 17% to 21% in Q1. But also, there's prepared remarks about kind of being stable. So, maybe talk about what would be – drive you down to

17% to 18% constant currency or what would cause you to be more at the higher end of the 21% in Q1? Thank you.

Dara Khosrowshahi

Chief Executive Officer & Director, Uber Technologies, Inc.

A

Sure. I think on AVs, first of all, the opportunity we think in the US and worldwide for AVs is enormous. We estimate that the US market alone is \$1 trillion opportunity, as you commercialize AV at scale and bring the unit economics down. And while we're incredibly excited in terms of the development of the technology, you see Waymo in market, obviously, who's a terrific partner, and a number of players, including Tesla, trying to get to prime time, so to speak. We think that the commercialization of the technology is going to take way, way longer. And by the time that the technology commercializes all over the world and in the US, you're going to see many, many more players get over the finish line as it relates to technology.

And just stepping back for a second, and this applies for the US and applies all over the world. There are five factors that you need, all of which need to come together for scale commercialization of this business, and scale commercialization is like 10%, 20%, 30% of our volumes on a US basis, let's say, a global basis.

First, you have to get regulations. You got to enable regulations. There are national regulations, state regulations, city regulations, it's pretty complicated. Obviously, regulators have to get comfortable with this new technology on the streets affecting our every day.

Second, in order to get regulators comfortable, we think you need to consistently superhuman safety record. Like we don't think it's good enough for an autonomous driver to be better than a human. I think we have the chance to be multiple times better than a human. And I think the industry should take that kind of chance and insist on a superhuman safety record. You're seeing Waymo definitely get there and many, many other players kind of working to get their safety record up and demonstrate that safety record as well.

Third, you need a cost-effective hardware platform. Like the hardware platforms now, they cost hundreds of thousands of dollars. You've got to get to the tens of thousands of dollars. There's a lot of work to be done to get there and many, many years to build out these scale hardware platforms.

Fourth, you need like first rate on-the-ground operations. This is what I was talking about before in terms of fleets and recharging and cleaning and finding lost items, the millions of lost items we do every year.

And then fifth, you need a high utilization network that can manage the variable demand every day on a seasonal basis with flexible supply as well, which we think our hybrid network is kind of the best solution there.

You need all five to come together. And we think the only way that all five could come together is Uber partnered up with the AV ecosystem. And we think we're kind of an indispensable part of again achieving all five and moving from a really, really cool, amazing technology to a really terrific scale business.

Now, I think that you're going to see lots of experimentation and AV players going direct, working with us, et cetera. But especially when we're looking forward to our launches in Austin, Atlanta, where I think we're going to demonstrate pretty clearly that a combination of a great AV provider like Waymo and Uber is the best combination out there. And I think this is going to apply in the US, it's going to apply all over the world.

So, today, when you're in the tech development phase, yes, in the US, you don't see too many players. But by the time all five of these entities come together, regulatory, et cetera, which is going to be years from now, I think you're going to have a number of players getting to prime time both in the US and internationally.

We think that's great for the ecosystem. We think competition is great for the industry, kind of you're seeing with DeepSeek coming in Generative AI, like how exciting that competition is. And we think the same thing that's happening in Generative AI is happening in AV as well. You'll see it definitely in the US, and you're going to see it all over the world.

Prashanth Mahendra-Rajah*Chief Financial Officer, Uber Technologies, Inc.***A**

Justin, I'll take the second part of that question, which I think was on putting our Q1 guide in perspective. So, let's maybe start with a recap of Q4.

21% GB growth at constant currency year-over year and now we have delivered 21%, for four out of the last five quarters. And that growth continues to be led by audience, which is an impressive number when you think that we're adding roughly 20 million, a little over 20 million actives even at the scale we have today. It's a great indicator of how the product continues to drive or get acceptance across the globe.

When you look at our Q1 guide, we outlined that it's going to be relatively similar to Q4 on an underlying basis, so that is 17% to 21% on FX-neutral GB growth and great leverage on that with about 33% at the midpoint for EBITDA. So, I'll break down some elements of that GB growth to help put it in context.

First, our guidance for the first quarter includes us overcoming some notable headwinds. First, we are lapping a leap year quarter from last year. And in the Q1 guide, we've already incorporated the impact from the devastating fires in Los Angeles as well as some unusual weather patterns, particularly in the South, where there was some crazy snow that came through there, which did shut down a number of cities. So, just making those adjustments there, you can easily get to another 1 to 2 points of GB growth if you were to normalize for that.

Second, we've got the growth in Q1, again going to be led by audience, similar to what we saw in Q4. So, we probably see a little bit of a rinse and repeat in terms of the breakdown between audience and frequency in Q1 versus in comparison to Q4.

And third, where I'll spend a little more time just to help people understand is how to think about foreign exchange within the context of Uber. So we are expecting FX to be a larger top line headwind in Q1.

Think 5.5 percentage points of headwind, and that compares to closer to 3 points in Q4. And about half of our GBs come from outside the US. And then of those that are outside the US, Latin America which is a sizable region represents about a quarter of our international GBs.

So now focusing specifically on Latin America, we had a number of countries that saw significant currency depreciation against the US dollar, notably Argentina, Mexico and Brazil. And these are top 20 countries for us. So we certainly feel the impact of them on the top line.

What is helpful for folks to remember with regards to Uber is, while we price our trips or our orders in local currency, we also pay our drivers and merchants in local currency. So that creates a natural hedge, meaning that our profit exposure from those foreign currency fluctuations, they tend to be driven by those US dollar-denominated expenses which will be some of our tech organization, our G&A and other US build cost structure.

So the way we sort of operate the company is that we will take FX on the top line, but as a management team, we do our best to absorb those impacts in the profit line, whether they be favorable or headwinds to us to kind of continue to drive the consistent margin expansion story that you've seen over the last couple of years.

Dara Khosrowshahi

Chief Executive Officer & Director, Uber Technologies, Inc.

A

And Justin, I just – one comment for me. Listen, I think a lot of investors ask how long can Uber keep growing at the scale as fast as it does. And sometimes on planning time we do as well. I'll just remind you that our Gross Bookings growth rate this year actually accelerated over last year. So this is a business that continues to surprise us pleasantly in terms of the runway ahead.

Justin Post

Analyst, BofA Securities, Inc.

Q

Great. Thanks for that.

Dara Khosrowshahi

Chief Executive Officer & Director, Uber Technologies, Inc.

A

All right. Next question. Great, next question.

Operator: The next question is from Doug Anmuth with JPMorgan. Your line is open.

Doug Anmuth

Analyst, JPMorgan Securities LLC

Q

Great. Thanks for taking the questions. I have two. Dara, first, just following up on the AV commercialization challenges. Curious if there's anything additional you can share on your experience with Waymo in Phoenix and just how you're helping drive utilization and demand there in particular?

And then, Prashanth, just given the healthier pricing backdrop in rides that we're seeing through 2025, can you just talk about how you're thinking about sustainability of insurance costs and those slower insurance price increases through the year? Thank you.

Dara Khosrowshahi

Chief Executive Officer & Director, Uber Technologies, Inc.

A

Absolutely. So Doug, in terms of AV, the first thing that I would caution is that the scale of these AV deployments, both for us in Phoenix with Waymo and generally, are really, really small right now. For perspective, like our growth in San Francisco, Phoenix and L.A. in Q4 accelerated versus Q3. So just the numbers are really small and it's very difficult to get patterning based on these smaller numbers.

Our very, very early experience in Phoenix suggests that – and some of the other deployments that we've got suggests that the Uber network is able to drive significantly higher utilization versus any kind of first-party network could just because of the scale and the variability in terms of supply and demand in a particular market.

And the other pattern that we see is customers love the product. So, the opt-in rate for customers the second time that they're offered an AV is significantly higher than the opt-in rate the first time. So, it's a great product, and you see that in terms of pricing. You can actually price the product at a premium, too, which is terrific.

So, those are very – it's a great product, doesn't really have an effect on our overall business. We're able to drive really strong utilization. We are now preparing for some pretty big launches in the tens going to the hundreds of vehicles later this year in Austin and Atlanta. And we will have much, much more to tell you about the results there, and we're quite optimistic that the results are going to be quite strong.

Prashanth Mahendra-Rajah

Chief Financial Officer, Uber Technologies, Inc.

A

Great. The second question, Doug, on insurance. Maybe I'll start with a reminder that the US Mobility business is required to carry insurance with liability coverage that is often usually much higher than what is required for other modes of passenger transportation. And in some cases, it can be up to 50 times more coverage than what is required in a personal vehicle. So, it is a benefit that we provide to our drivers as part of being a contractor for Uber.

So at a macro level, we are pleased to see that the insurance pressure is easing. The consumer price index, motor vehicle insurance is now only growing at 11% year-over-year in December, which is still a big number, but it's down more than 50% from what we saw in April, where it peaked in the low-20s. So with the external headwinds peaking, we are also starting to see the benefits of all the internal initiatives that we've been driving, such as the tech innovation and policy work coming through.

So, our outlook now – and we might have signaled this last quarter and I think we have more confidence today than we did even in Q4 that the US Mobility's insurance cost is likely to be high-single digits on a per-trip basis in 2025, and that's meaningfully lower than we've seen for the last two years. It's coming from a couple of elements that we've talked about before. We've talked about tech, risk management and regulatory. So, let me just double-click on a couple of those.

On the tech side, last year, we were piloting and we are now expanding to almost all of our US markets, a driver Insights dashboard. And this allows drivers to see more about their driving behavior. And we're pulling data from their phone and the telematics on things like speeding, harsh braking or accelerations et cetera.

And it shows drivers how they can drive more safely to improve their driving score. What we're hearing from drivers is just the ability for them to see that information, which they were not aware of before, is improving their behavior. But to sort of encourage that improvement, we are also expanding the use of our Advantage Mode for drivers.

And this is where you can actually get higher earnings and better route-matching opportunities if you have, among other things, a better driver safety score. So, encouraging – giving them visibility to the score and then sort of encouraging the behavior we want through economics is going to continue to play out through the use of our tech.

On the risk management side, we've essentially finalized terms with all of our carriers on the insurance side and market pricing is stable. So, we've got a much better view as we look into 2025 of where that is. And clearly, having a captive insurance company and being able to offer to self-insure when we don't get the pricing we want continues to give us great leverage in those negotiations.

And then lastly, a little bit longer cycle, but it's the regulatory work that were going on. And you probably see us out in the news in respective markets where we're creating a bit more attention on the need for insurance reform. On a state-by-state basis, we are starting to get progress in areas like Georgia, California, New Jersey with more to come.

Dara Khosrowshahi

Chief Executive Officer & Director, Uber Technologies, Inc.

A

And just to clarify one of my earlier comments, the growth in San Francisco, Phoenix and L.A. comment that I made was for all of Mobility. That Mobility growth in Q4 over Q3 in those markets actually accelerated, our overall Mobility business, not just AV.

Prashanth Mahendra-Rajah

Chief Financial Officer, Uber Technologies, Inc.

A

Okay. Thank you, Doug. We'll go to the next question.

Doug Anmuth

Analyst, JPMorgan Securities LLC

Q

Thank you.

Operator: The next question is from Michael Morton with MoffettNathanson. Your line is open.

Michael Morton

Analyst, MoffettNathanson LLC

Q

Hi. Thank you for the question. And I appreciate the new remarks on AVs. If I could follow-up on a question – on a comment Dara made earlier on just general business models with AV. When you talk about securing supply from OEMs, are you speaking about Uber buying cars directly? And then when you're thinking over the long-term about potential business models with AVs, could you talk about an agency model versus a merchant model of renting AVs for today?

And then a question we get from investors is, how much of your global Mobility business do you see being addressable by autonomous vehicles due to different driver costs in certain markets compared to the AV costs? Thank you so much.

Dara Khosrowshahi

Chief Executive Officer & Director, Uber Technologies, Inc.

A

Yeah, absolutely, Michael. So in terms of the business model, I think there are going to be – there's going to be a ton of experimentation around the business models.

I think early on, we've got a big balance sheet and we can buy cars. I think eventually, it's going to turn into the fleet partners that we have essentially buying cars and getting financing from third-parties that you see right now with electric vehicles. A lot of our fleet partners actually are able to finance these EVs, et cetera.

In the early days, you're not going to have kind of a financing construct in place and clarity regarding what residual values are for these cars. So I think that will put up some balance sheet risk.

Our fleet partners will put up some balance sheet risk over a period of time. I think that most of the ownership will be a combination of fleet partners. You might see some financial players, kind of infrastructure players, just like there are entities REITs that own hotels, you will have kind of fleet entities as well.

And then hopefully, there'll be some kind of individual ownership as well of people, small businesses putting up these cars and these fleets and taking care of the car sort of small business fleets that, again, we see around the

world for ourselves operating a SMB fleet model as well. So there's going to be a ton of experimentation. But early on, we will take some balance sheet risk in order to get – catalyze the industry, so to speak. But ultimately, we think all of it is going to be financialized.

In terms of AV, I think a couple of things in terms of the addressable market. First of all, I think early on – right now, the cost of AVs don't even come close to the cost of drivers. So I think the first markets that are going to be penetrated are going to depend on regulation first of all. And again, the regulatory environment is pretty complicated. And second is kind of the revenue per mile in the markets, this would tend to be US markets or European markets where the revenue per mile is higher and will tend to be in the center of cities.

The operational domain for many of these AV deployments is very, very limited. And over a period of time is going to expand. So I think in the next five years, the addressable market is going to be probably in the order of 10% to 15% of the overall marketplace and then gradually is going to expand over a period of time over the next 15 years or so.

Michael Morton

Analyst, MoffettNathanson LLC

Thanks a lot.

Q

Prashanth Mahendra-Rajah

Chief Financial Officer, Uber Technologies, Inc.

Great. Thank you, Michael. Sarah, we have time for one more question.

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Operator: Thank you. Your final question will come from the line of Nikhil Devnani with Bernstein. Your line is open.

Nikhil Devnani

Analyst, Bernstein Institutional Services LLC

Hi. Thank you for taking the question. Dara, last time you talked about price elasticity, and today, the letter talks about affordability. And the Q1 EBITDA guide suggests it's starting to moderate that profit growth. First, how much of this EBITDA guide is impacted by FX? And then bigger picture, I guess, the skeptical take would be that pricing was a tailwind for the business for several years. We're now hitting that ceiling. And as you push more on affordability, it's going to be a headwind to margins going forward.

So in your view, why is that not the right take? How do you eventually get a good return on these lower-cost rides and drive operating leverage in the Mobility business if you're leaning into that value proposition for consumers. Thank you.

Prashanth Mahendra-Rajah

Chief Financial Officer, Uber Technologies, Inc.

Yeah. Nikhil, why don't I just take the first part of it and let Dara take the longer part of it there. I've mentioned – I went through a little bit on the FX side and our philosophy on FX. Clearly, the impact of foreign exchange and the profits that we collect in those foreign jurisdictions when they come back to the US are worth less.

And with more than half of our business outside the US, there is an impact there. We have chosen not to pass that volatility on to investors. We find ways to manage that, whether it be good news or bad news, within the

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company using the levers that we have and sort of that's been the philosophy of the company. We talked about that in the prepared remarks.

So it is not a zero impact. It certainly weighs on the business. But for your modeling purposes, you should think of FX as a top line impact and leave it to the management team in both good days and bad days to do what we can to show steady margin improvement regardless of FX.

Dara Khosrowshahi

Chief Executive Officer & Director, Uber Technologies, Inc.

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Yeah. Nikhil, I would say in terms of pricing, whether it's a tailwind or a headwind, I'd just say that the vast majority of pricing that we have taken in the market has been in the US. And the vast majority of that price increase has been pass-along cost of insurance.

So it shows up in gross bookings, it shows up in costs. And that part of the price increase is ultimately economically neutral. We've always believed in kind of a model where we build out premium products. So this is our U4B product, which is a highly premium reserve product as well for U4B. We introduced Business Black as well.

And using the higher margin of the premium products to fund the lower-cost products like UberX Share and Shuttle, et cetera, taxi, two-wheelers, three-wheelers. And I think we've been able to consistently demonstrate in the past the ability to balance top line growth and bottom line growth and that's our expectation going forward.

And I would tell you that today, when we talked about that three-year guidance in terms of mid-to-high-teens top line and then a bottom-line of in the 30s to 40% growth, we are more confident than ever that we can meet that guideline in almost any pricing environment. But kind of the way that we run the company is to run it for both top and bottom-line. And I think you'll see us continue to deliver on both of those going forward.

Prashanth Mahendra-Rajah

Chief Financial Officer, Uber Technologies, Inc.

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Thanks. Thanks Nikhil.

Nikhil Devnani

Analyst, Bernstein Institutional Services LLC

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Thank you, Dara.

Prashanth Mahendra-Rajah

Chief Financial Officer, Uber Technologies, Inc.

Before we wrap up here, I wanted to share some news. After nearly six action-packed years, Deepa has decided to leave Uber. Today is going to be her last day with us. So on behalf of Dara, the leadership team and the global financial work, I do want to thank Deepa for her many contributions to Uber and wish her all the best in her next challenge.

Balaji Krishnamurthy, who many of you know well, is going to step in to lead IR in addition to his existing role managing the strategic finance team. So Balaji will be joining you for the Q4 call back this morning, along with Alex and the IR team.

This quarter, we are going to be in New York, Chicago, San Francisco, Orlando and Boston. So please reach out to Alex of the IR team, if you're looking to see us in any of those cities. And then just to close, I want thank the Uber team for all their great work in 2024, and thank you for joining us this morning.

Operator: This concludes today's conference call. Thank you for joining. You may now disconnect.

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